

FISCAL NOTE

Bill #:SB0104

Title: Adjust school funding for unusual enrollment increase of 4 percent

Primary
Sponsor: Beck, Tom

Status: Introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	126,380	126,380
Net Impact on General Fund Balance:	(\$126,380)	(\$126,380)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. Districts apply for state aid for increased enrollments either by anticipating the increase by May 10 prior to establishing their budget or by requesting a budget amendment for unanticipated enrollment increase after October of the school year. For anticipated enrollment increases the district receives direct state aid and GTB while for unanticipated enrollment increases the district only receives direct state aid. Each year some districts pursue each method.
2. In FY 1999, school districts with unanticipated fall enrollment increases greater than 6% are eligible for additional direct state aid for 143 elementary ANB and 163 high school ANB. The additional direct state aid payment to eligible districts is equal to 40% of the per-student entitlement for the district. On average, the additional direct state aid payment is \$1,364 for each elementary ANB and \$1909 for each high school ANB.

(continued)

3. Not all districts that are eligible for additional state aid will apply. Before a district can request additional state aid for an unanticipated enrollment increase, it must first adopt a budget amendment indicating the additional costs to the district incurred by the enrollment increase. In FY1998, the state paid districts on 41% of the ANB that were eligible for increased state aid.
4. The state aid payment for unanticipated enrollment increases in FY1999 could be as high as \$506,219. More likely, the state will pay on 41% of the eligible ANB. The cost for FY1999 is estimated to be \$207,550.
5. If the threshold for eligibility for additional state aid were lowered to 4%, 306 elementary ANB and 208 high school ANB would be eligible for direct state aid. The maximum state payments for these students would be \$814,456. If the state pays on only 41% of the eligible ANB, the total annual cost will be \$333,930.
6. Direct state aid payments to schools with unanticipated enrollment increases will increase by approximately \$126,380 (\$333,930 expected at 4% less \$207,550 expected with current law) annually if the threshold for eligibility were lowered from 6% to 4% as proposed in SB 104.
7. Only one district was approved for an anticipated enrollment increase for FY1999. It is assumed none would be approved in FY2000 or FY2001.

FISCAL IMPACT:

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
<u>Expenditures:</u>		
Local Assistance – Direct State Aid	126,380	126,380
<u>Funding:</u>		
General Fund (01)	126,380	126,380
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(126,380)	(126,380)

LONG-RANGE IMPACTS:

FY 1998 through FY2001 are all expected to be years of the statewide enrollment declining due to demographic factors. Under these circumstances, few schools are expected to increase more than 4%. In times of increasing populations of school age children, these costs could be much higher.